Reduction of Economic cost of FCI

†3308. SHRI KAPIL SIBAL:
SHRI RAJIV RANJAN SINGH:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government have sought suggestions during last three years to reduce the economic cost of Food Corporation of India;

(b) if so, the names of institutions alongwith the suggestions given by them to the Government; and

(c) the action taken by the Government to implement those suggestions?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI SHRIRAM CHAUHAN): (a) to (c) The Administrative Staff College of India, Hyderabad has been engaged to study the cost of acquisition and distribution of wheat and rice by the Food Corporation of India so as to arrive at ways and means to reduce its Economic Cost of wheat and rice. The final report of the College is expected by the end of September, 2000 only.

However, in the meanwhile the Expenditure Reforms Commission which was set up by the Government of India in February, 2000 has re-viewed the methodology of allocation of distribution cost between stocks maintained by the Food Corporation of India for distribution through Public Distribution System and buffer stocks. The Commission has made three important changes in the methodology.

(i) At present, only, the annual accretion to the buffer stocks is reckoned for allocation of distribution cost. However, considering that it would be necessary for Government to rotate the stocks held as buffer stocks over a two to three year period in the interest of maintaining quality, the Commission has recommended that transport cost and transit losses to the extent of one-third of the opening stocks of buffer be charged to the buffer carrying cost.

(ii) The Commission has felt that carry-over charges, namely, charges paid to the State agencies involved in the procurement of wheat beyond 30th June every year, should be part of the buffer carrying cost rather than economic cost of wheat for public distribution.

†Original notice of the question was received in Hindi.

(iii) The Commission has also recommended that the economic cost should be estimated on the basis of pooling of opening stocks available with the Food Corporation of India in the beginning of the year and stocks procured during the current year, rather than being based on the minimum support price of the current year.

On account of these changes in the methodology, which have been accepted by Government, the economic cost of wheat and rice for public distribution have been revised to Rs. 830 per quintal for wheat instead of Rs. 900 per quintal as before and to Rs. 1,130 per quintal for rice instead of Rs. 1,180 per quintal as originally estimated.

Stocks of Wheat and Rice

†3309. SHRI RAJIV RANJAN SINGH:
SHRI RAJ MOHINDER SINGH:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that the stock of wheat and rice procured in the past years is still lying in the godowns of Food Corporation of India;

(b) if so, the quantum of stock of wheat and rice, separately, which had been procured three years or earlier than that;

(c) whether any testing has been done to check suitability of the stocked wheat and rice for human consumption; and

(d) if so, the details of the test report?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI SHRIRAM CHAUHAN): (a) and (b) Yes, Sir. As on 30.06.2000, Food Corporation of India was having 2.01 lakh M.Ts of wheat and 2.09 lakh M.Ts of rice, which was procured more than three years ago.

(c) and (d) The stock of wheat and rice held in the godowns of Food Corporation of India are maintained by the technically trained staff of FCI. The stocks of wheat and rice are inspected at least twice a month by the technical personnel.

The infested stocks are immediately disinfested by fumigation so that they do not deteriorate further. Chemicals are also sprayed to protect the stocks from insects. In addition, Assistant Manager (Technical) once in a month and Dy. Manager (Technical) once in three months, undertake high level inspection

†Original notice of the question was received in Hindi.